

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2007-317-G - ORDER NO. 2007-676  
NOVEMBER 1, 2007

IN RE: Petition of Piedmont Natural Gas Company,     )  
Inc. for Authority to Place Certain Lump Sum     ) ORDER GRANTING  
Settlement Charge Obligations in a Deferred     ) PETITION  
Account     )

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the petition of Piedmont Natural Gas Company, Inc. (“Piedmont”) for authority to defer certain charges to its financial statements that may be required under the Financial Accounting Standards Board’s Statement of Financial Accounting Standards (“SFAS”) No. 88, *Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination of Benefits*. According to Piedmont, this request results from unusually large lump sum distributions out of pension plans in fiscal year 2007. Piedmont states these lump sum distributions are being requested by employees who are retiring or who have been severed from service during 2006 and 2007 and may accrue as a consequence of SFAS No. 88’s requirement to recognize in earnings the pro rata portion of the percentage reduction in the Company’s long-term projected benefit obligations, which result from defined benefit distributions in excess of limits specified by SFAS No. 88.

Piedmont also states that although the expense for which the deferral is sought and the amount of such expense are not fixed at this time and are dependent on a number

of variables, if these charges are required by SFAS No. 88, they have the potential to have a material impact of potentially more than \$5 million before taxes on its fiscal year earnings. It further expresses that the creation of the requested deferred account will not impact the total expense to be incurred regarding overall pension liabilities, will not prompt a change in the methodology for the recovery of those costs, and does not involve a change in its rates, terms, or conditions of service. According to Piedmont, the deferred account will provide a means to protect it from the negative material impact to its financial statements that could result from the difference in timing of recognizing these pension charges under the financial accounting standards specified in SFAS No. 88 on the one hand and the Commission's approved mechanism for the recovery of these charges on the other.

The Commission concurs with the Company's reasoning and therefore grants Piedmont's petition to defer certain charges to its financial statements that may be required under SFAS No. 88, resulting from unusually large lump sum distributions from its pension plans in fiscal year 2007. Any issues related to proper amortization or actual recovery of such costs will be postponed to a subsequent proceeding where they will be specifically addressed. At Piedmont's request, this Order shall be effective on October 31, 2007 and thereafter.

This Order shall remain in full force and effect until further order of the Commission.

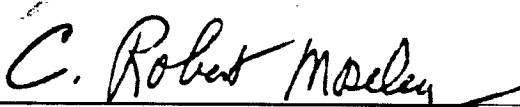
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice Chairman